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FIRST COUNTRY COOPERATION FRAMEWORK FOR DJIBOUTI (1997-2001)

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INTRODUCTION

1. The country cooperation framework is the outcome of a process of consultation with the authorities of the Government of Djibouti and the country's main bilateral and multilateral partners. The preparation of the reference document for the round-table conference and the advisory note was an important phase of this process. The preparation of the cooperation framework is also based on the strategy reports prepared by the Government, including the Economic and Social Framework Law (1990/2001), the report of the inter-institutional mission of April 1994 and the mid-term review of the third country programme.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Djibouti is among the least developed countries (LDC). In terms of the human development index (Human Development Report 1996), it ranks one hundred and sixty-fourth among the 174 countries reviewed. A small country which gained independence in 1977, Djibouti has an area of 23,200 km^2, divided into five districts with a population of about 600,000, more than two-thirds of whom live in the city of Djibouti. The process of democratic normalization began with the holding of legislative elections in 1992 and presidential elections in 1993, and the introduction of a multiparty system.

3. Djibouti's economy is structurally fragile, with a swollen administrative apparatus, a very limited productive base and a chronically arid soil resulting in total food dependence. The armed conflict, which lasted three years, led to a strengthening of the military forces and a consequent increase in wage costs (80 per cent of budgetary receipts in 1985). In this context, the imbalance in public finances has taken on crisis proportions. In spite of the measures taken, there is a large budgetary deficit (11.7 per cent of GNP in 1995). The public debt has therefore increased (29 per cent of GNP in 1995) and the public sector's payment arrears have accumulated, contributing to the decline in economic activity. Development of the private sector has remained limited, in spite of the adoption of legislation favouring its expansion.

4. The deterioration of the social situation has become a cause for concern. A majority of the population lives in poverty. This poverty is aggravated by the very high growth rate of the population (6 per cent), a rate of unemployment estimated at close to 60 per cent of the working-age population and the budgetary decisions imposed by the stabilization programme agreed on with the IMF. The rate of illiteracy is high (61 per cent overall and 72.4 per cent among women), and less than 50 per cent of school-age children are enrolled. The child mortality rate is 164 per thousand live births, and life expectancy does not exceed 48 years. In spite of the Government's desire to integrate women into the country's development process, their access to the decision-making and political levels is limited. Their activities are concentrated in the informal sector, where they represent 75 per cent of the unskilled labour force. Maternal mortality remains high and harmful traditional practices continue to be widespread.

5. In spite of this difficult environment, Djibouti has some not inconsiderable advantages: the strategic geographic position it occupies between the Arab world, Africa and the Indian Ocean; its transport and telecommunications network; its liberal institutional framework, and the stability of its currency and its fixed parity with the dollar. On this basis, a strategy has gradually been developed which is directed towards making Djibouti a regional service centre.

6. The Government's goal is to reconstruct an efficient financial and administrative environment and a healthy economic base which will promote the implementation of a policy of sustainable human development. Since 1995 a programme of structural adjustment has been in place involving macro-financial stabilization measures, acceleration of the reform of public administration, the restructuring of public enterprises, the liberalization of the labour market, and, above all, the demobilization of military personnel. The Government also intends to consolidate peace and ensure social stability by promoting decentralization and social cooperation and by strengthening its efforts on behalf of the most disadvantaged sectors of the population. Achieving this goal requires immediate actions of great scope whose cost far exceeds the State's current means. The programme of action of the round table of donors was launched with the assistance of UNDP in order to create the conditions for overcoming the crisis and make possible the initiation of activities favouring sustainable human development.

II. RESULTS AND LESSONS OF PAST COOPERATION

7. In general, public administration is encountering difficulties with respect to the policies and procedures of many donors and non-governmental organizations (NGOs). Some aspects of aid coordination are still inadequate to ensure optimal use of the external resources which constitute a major element of the financing of Djibouti's economic and social development.

8. Three areas of concentration have been chosen for the third country programme: strengthening the management of the economy and support of privatization; the development of human resources and the social sectors, and environmental protection. The formal results obtained, although limited, are important and often critical for Djibouti's development.

9. UNDP support led to the adoption of the Economic and Social Framework Law for 1990-2000, the preparation of the Economic and Social Development Plan for 1991-1995, the drafting of legislation establishing the legislative and institutional framework for the functioning of the national economy and the preparation of technical documentation for the round table of donors to be held in Geneva at the end of May 1997. Because of its comparative advantage and its neutrality, UNDP has thus been able to contribute to the Government's efforts to draw up a programme of priority action directed towards the implementation of sustainable human development and which can lead to the adoption of measures agreed on between the Government and donors.

10. UNDP has also contributed to the strengthening of human resources in the telecommunications sector, where most of the French cooperators have been

replaced by national personnel, and in the housing sectors. The reduction of the IPF by nearly 30 per cent made it impossible to carry out the projects for the creation of micro-enterprises for women and young people and the training of young people not enrolled in schools. With regard to environmental protection, the areas identified have in general had a relatively limited impact in the absence of a programme approach.

11. The project approach and procedures for execution by the specialized agencies took precedence over the programme approach and national execution, although the latter were desired when the country programme was prepared. The absorptive capacity of the national structures was a limiting factor for use of the national execution modality. The programme approach was not achieved because of the context of economic crisis in which it was adopted and the extent of bilateral assistance, which does not always lend itself to coordination at the operational level.

12. In view of the extent of aid to Djibouti, a serious coordination effort was undertaken so as to rationalize the use of that aid and optimize its impact. UNDP was mainly responsible for the Development Cooperation Reports (DCR) for 1993 and 1994. Moreover, the Resident Coordinator established coordination machinery for the activities of the various specialized agencies represented in the country as well as other agencies (FAO, ILO, WIPO and the Department for Development Support and Management Services of the United Nations Secretariat). An ambitious strategy of resource mobilization was carried out.

III. PROPOSED STRATEGY AND THEMATIC AREAS

13. The objective of the first cooperation framework with the Republic of Djibouti is to promote sustainable human development through the strengthening of national capabilities for the design and implementation of economic and social development programmes, rehabilitation and poverty reduction, social cooperation, the empowerment of women and environmental protection. Aware of the advantages of the programme approach, and its usefulness as an instrument of coordination, the Government wishes to continue its efforts to employ it.

14. Resource mobilization constitutes an important aspect of UNDP cooperation under this first programming framework. Its activities will be carried out, thanks in part to the strengthened coordination capabilities of the Ministry of Foreign Affairs and Cooperation, in conjunction with the international partners, including those of the United Nations system. Greater efforts will be made with the bilateral and multilateral donors to organize the round-table conference of donors. The limited financial resources of UNDP should therefore be used as a catalyst and will be devoted, upstream, to activities serving to provide the Government with a framework for general policy and resource mobilization. UNDP will also provide support, downstream, for pilot projects intended to strengthen the Government's poverty reduction efforts and to promote national dialogue and the participation of the population in the development process.

15. UNDP activities will be concentrated in the following three thematic areas: economic stabilization and restructuring; rehabilitation, social stabilization and poverty reduction, and environmental conservation. The advancement of

women, which constitutes a major transverse theme, will be given specific support. In support of its assistance in the fields of primary concentration, UNDP will continue both to develop and disseminate the idea of advocacy within the Government and to encourage the integration into national development policies of the recommendations of United Nations conferences and the provisions of international conventions and agreements.

16. The thematic areas are in complete conformity with national development priorities. The choices made will ensure that UNDP activities and those of the other partners are complementary. The fields of action are closely linked and will make possible the creation of strong synergies favouring sustainable human development and the eradication of poverty.

A. Supporting the economic stabilization and restructuring programme

17. The stabilization and reform programme will be carried out with the help of the donors and specialized agencies. UNDP will continue to assist the Government in implementing the conclusions of the round table and coordinating the activities of donors. It will also assist in the planning of some critical programmes. Training and advisory activities will be a preponderant part of UNDP contributions.

18. Djibouti's priority goal is to carry out as quickly as possible the macro-financial programme agreed on with the IMF. Achieving that goal requires the strengthening of national planning capacities and the implementation of economic and social policies. UNDP will help by identifying training needs and planning a high-level training programme for economic and financial officials. UNDP will also contribute to the Government's efforts with respect to mobilizing and managing the resources needed to carry out the programme by facilitating meetings with the main donors. Special attention will be given to ensuring that women benefit from the programme.

19. The Government has shown its real desire to see the private sector play a dynamic role in Djibouti's economic development and the elimination of unemployment and poverty. Activities on behalf of the private sector will be more effective if they are based on accurate knowledge of its fields of activity. UNDP will contribute to the preparation of a study of the private sector which will make it possible to assess the real importance of that sector, especially with regard to tourism, as well as establish with precision the constraints on its development, and will provide a frame of reference for programmes and policies to promote the private sector in general and the tourist sector in particular.

20. The Government wishes UNDP to organize a consultation on the organization of the banking sector and the role of the State. UNDP will call in the first instance on the expertise of the United Nations system. The reorganization of the banking sector and banking practices in favour of small- and medium-sized private enterprises should be supplemented by the establishment of a guarantee or mutual surety fund. UNDP will contribute to the drafting of the relevant legislation. UNDP can also play an important part by establishing machinery for

the financing of micro-enterprises on the model of the Microstart programme, which is perfectly adapted to the characteristics of Djibouti's private sector. UNDP will examine the possibility of implementing this project.

21. The Government strongly supports the establishment of a women's association to promote and support the establishment of micro-enterprises managed by women. An initiative of this kind will be launched by UNDP in cooperation with the bilateral donors.

22. The overall strategy fixed by the Government to promote growth rests inter alia on Djibouti's desire to become a regional trade and service centre. UNDP will assist the Government in completing its study of regional development.

23. The Government wishes to ensure the support of all the social partners for its reform programme and in this context is considering the holding of a national conference on the reform programme and its implications for development and economic growth. Such a conference would make it possible to explain the overall scope of the programme and to enrich it through the views and suggestions of all the partners. UNDP will provide technical support in carrying out the preparatory work for this conference.

B. Supporting the rehabilitation, social stabilization and poverty reduction programme

24. The conflicts in the subregion, the civil war and consequent destruction of infrastructures and productive capacity have resulted in an influx of émigrés and the displacement of people to other parts of the country, chiefly the capital, and a great increase in poverty. Pursuant to United Nations General Assembly resolution 50/58, UNDP will continue to provide assistance in ameliorating the living conditions of the most disadvantaged parts of the population.

25. A sum of $428,000 (approved from Special Programme Resources) had already been allocated for rehabilitation activities in the northern part of the country in 1996. An additional $1 million (from the same source) has been allocated for the preparation and implementation of a national action programme for rehabilitation, the social integration of demobilized soldiers and poverty reduction. It is intended to promote the return of displaced persons and the stabilization of the population by creating conditions favourable to sustainable and harmonious human development of the regions. In view of the Government's desire to decentralize its activities and authority, the programme of action will be divided into two levels, national and regional, and based on an integrated, global, multidisciplinary and multisectoral approach taking into account the potentialities and limitations of each region, as well as the needs and aspirations of the people. As the women of Djibouti play a crucial economic part in the interior of the country, the programme will take that dimension into specific account.

26. To begin the process of implementing this programme, and demonstrate its viability and real impact, UNDP will finance the preparation of a national master plan of rehabilitation and development, together with regional plans for

each of the country's districts. This will provide a consistent framework for reference and for coordination of the reconstruction, rehabilitation and development activities to be carried out by all the economic actors (the State, public sector, private sector, non-governmental organizations, civil society and donors). This will make possible the genuine reintegration of displaced persons and demobilized soldiers and effective poverty reduction. Immediate activities to this end, which have already been identified in the form of small-scale projects to assist local communities, will be integrated into the programme. These job-creating activities will be directed towards the rehabilitation of communications infrastructures (rural roads), the reconstruction and/or repair of schools and health centres, the development of tourist infrastructures and environmental protection. These projects will be strengthened by appropriate training activities.

27. In tandem with this process of decentralization, UNDP will support the Government's efforts to consolidate its democratic base and promote the creation of a level of active participants in the management of development from among the population and civil society. More specifically, UNDP, in cooperation with other donors, will assist the Government in the drafting and application of legislation on decentralization. UNDP will also call on the Management Development Programme (MDP) to make its experience in the matter of governance available to the Government. It will devote attention to the functional strengthening of the National Assembly and promote the training of national media experts.

28. At the same time, UNDP will support the improved use of social indicators by continuing its assistance in the preparation of statistical tools and by examining the possibility of producing a periodic compilation of social indicators. UNDP/Djibouti will make an effort to find the financing necessary to produce these tools, in view of their importance to the Government and the usefulness to the international partners of having reliable and regular information available. This will further the establishment of a social integration fund, for which the main assistance should come from the World Bank. It will also facilitate the preparation of a report on human development in Djibouti.

29. UNDP will also, in cooperation with United Nations bodies and bilateral donors, continue its support of civil society by establishing a framework for coordination of the activities of the NGOs and associations in order to increase the effectiveness of their participation in Djibouti's development. In addition, UNDP is determined to catalyze the cooperation between the Government, United Nations bodies, donors and NGOs in order to obtain the resources needed for implementation of the entire programme.

C. Supporting environmental conservation

30. Ecologically, the exceptionally fragile nature of Djibouti's physical environment makes it necessary to seek a permanent equilibrium and to work out a precise strategy for preserving it. The changes in urban and rural life styles, demographic growth, the scarcity of exploitable resources, particularly water, deforestation and the problems of waste disposal and pollution are all signs of

a dangerous imbalance which calls for the implementation of an effective environmental policy.

31. Djibouti participated in the United Nations Conference on Environment and Development in 1992 and the Government has signed and ratified a number of conventions relating to desertification, biodiversity, climate change and humid zones. It has also set out the main guidelines for a National Environmental Action Plan (NEAP).

32. UNDP will continue to assist the department of the environment in the planning and implementation of NEAP and its subsequent policies. In order to make consistent and integrated implementation possible, UNDP will strengthen its efforts to bring into operation effective machinery for cooperation, participation and coordination with public and private bodies, civil society and community groups. In addition, relevant indicators for control and follow-up will be established. A sum of $442,000 has already been allocated under Capacity 21 for the preparation of the programme. This assistance will be supplemented by support from UNDP for the mobilization of the resources needed for implementation of the entire programme, which will be sought from donors and from the Global Environment Facility (GEF). At the same time UNDP, which has already received $558,000 from the GEF, will support the formulation of a biodiversity strategy.

33. Safeguarding the environment also involves better prevention of the natural disasters which too often menace Djibouti. UNDP will assist in designing an effective early warning and rapid response system. UNDP/Djibouti will cooperate with the Department of Humanitarian Affairs for that purpose, and has prepared a programme of action which will be carried out during this programme cycle.

D. Intersectoral activities

34. UNDP will actively support programmes for the advancement of women and, as a specific project, will assist in the establishment of a department for the planning of a policy for the protection and support of women. This assistance will include the preparation of a priority action programme (literacy, health, vocational training, the creation of income-producing activities) which will provide a strategic framework for the activities of donors.

IV. MANAGEMENT ARRANGEMENTS

35. The principle of national execution has been chosen as the modality for implementing the programme, although in view of the scarcity of qualified human resources, it is recommended that it be introduced gradually. Special emphasis will be placed on increasing the involvement of national professionals in its formulation and implementation. To strengthen assimilation of the programme approach and national execution ideas, UNDP will organize an information and awareness-raising workshop for the Government officials concerned, with the participation of the agencies of the United Nations system represented at Djibouti. After this workshop thought may be given to the establishment of an independent national unit for programme and project management.

36. Technical cooperation between developing countries (TCDC) will be made use of to the extent possible. Djibouti, which has many émigré experts, should make use of the TOKTEN machinery to take advantage of their experience in order to further the country's development. The UNISTAR programme might also be very useful, as privatization of the economy is one of Djibouti's central options in respect of economic reform. UNDP will examine the possibility of making use of its machinery.

37. In implementing the programme use will be made to the fullest extent possible of the services of experts of the United Nations Volunteers programme. UNCDF and the MDP will also be closely associated in preparing the rehabilitation and poverty reduction programme, as well as in the decentralization process. UNDP will provide the NGOs with selective analyses and define with them the modalities of cooperation.

38. The following tools will be used to follow up and review the country cooperation framework: annual reviews, periodic reviews of the CCF, and a local programme evaluation committee. With regard to implementation other tools will be used, such as field visits, tripartite reviews, thematic evaluations and evaluations in depth of the projects.

39. The limited resources of TRAC 1.1.1 and 1.1.2 make it necessary for UNDP/Djibouti to place resource mobilization at the centre of its concerns. From this point of view, the programmes will be planned in close cooperation with the Government, the United Nations bodies and the donors present on-site. UNDP will assist the Government in seeking non-traditional donors and will approach the appropriate funding institutions: Capacity 21, GEF, GAPUNDO (Arab Gulf Programme for United Nations Development Organizations) and UNIFEM. The round-table conference is a major event in the process of aid mobilization and UNDP will accordingly assist the Government to ensure that its recommendations are followed up and that machinery is established to ensure coordination.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR DJIBOUTI (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(837)	
TRAC 1.1.1	1 114	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	3 750	Based on proposals pending Headquarters approval.
SPPD/STS	61	
Subtotal	4 088 a/	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds GEF Capacity 21	2 900 of which: 2 458 422	
Third-party cost-sharing	60	GAPUNDO contribution
Funds, trust funds and other	200	UNCDF
Subtotal	3 160	
GRAND TOTAL	7 248 a/	

a/ Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GAPUNDO = Gulf Arab Programme for United Nations Development Organizations; GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TCDC = technical cooperation among developing countries; TRAC = target for resource assignment from the core; UNCDF = United Nations Capital Development Fund.